

FISCAL NOTE

HB 705 - SB 1518

March 23, 2001

SUMMARY OF BILL: Amends TCA 67-4-713(a)(6)(c) relative to credits for business tax as follows:

- Changes the voting procedure that allows the business tax credit to one in which the local legislative body would have to affirmatively reject, by a two-thirds vote, the credit instead of the current procedure which requires the local legislative body to approve the credit by a two-thirds vote.
- Makes the bill retroactive to January 1, 1999, with respect to agreements in effect on that date.

Under present law, a business tax credit is provided in the amount of personal property taxes due from a person that has, pursuant to a lawful agreement between the person and a local government unit or instrumentality, transferred such person's personal property to a governmental unit or instrumentality, provided that:

- The person is eligible for the credit only to the extent of the tax generated from its receipts for services rendered by such person to an affiliated person.
- Either person directly owns or controls 80% or more of the other, or 80% or more of both persons are directly or indirectly owned or controlled by a common parent.
- The transfer is approved by a two-thirds vote of the legislative body of the county or municipality exercising jurisdiction over the governmental unit or instrumentality.

ESTIMATED FISCAL IMPACT:

MINIMAL

Estimate assumes the bill would not materially impact the amount of business tax collected by local governments or the state's share of such taxes.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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